



REPLY TO  
ATTENTION OF:

**DEPARTMENT OF THE ARMY**  
**HEADQUARTERS, AREA II SUPPORT ACTIVITY**  
UNIT #15333  
APO AP 96205-5333

IMKO-AB-LG

11 January 2006

**Financial Liability Investigation**  
**Standard Operation Procedures**  
**Command Policy Letter #4-1**

**I. Purpose:** To provide Area II, Support Activity (ASA II) guidance for implementing the financial liability investigation system, preparing management reports, and ensuring processing timeliness.

**II. References:** Army Regulation 735-5, Policies and Procedures for Property Accountability, AR 15-6 Procedures for Investigating Officers and Boards of Officers, Property Accountability, and the Financial Liability Investigation system. These references prescribe the accounting procedures to be used when Department of the Army and non-appropriated fund property is discovered lost, damaged, or destroyed through causes other than fair wear and tear. They provide authorized methods to obtain relief from property responsibility and accountability on such losses and assign financial liability.

**III. Procedure:** The Financial Liability Investigation Process Time Segments with Appointing Authority (**Total of 75 accumulative days.**)

1. Report of Survey initiation process (**15 days**), Step 1:

a. Preliminary search for item and identification of item thru Army Master Data File (AMDF).

b. Gather dates and circumstances pertaining to the loss.

c. Initiation of financial liability investigation, Department of the Defense Form 200. (Reference Army Regulation 735-5, figure 13-3A)

d. Complete narrative portion.

e. Provide to appointing authority upon assignment of document number.

2. Financial Liability Investigation Appointing Authority Process (**5 days**), Step 2:

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- a. Survey number assigned.
- b. Determine further investigation is required.
- c. Appoint the survey officer if required.

3. Financial Liability Investigation and Recommendation Process (**35 days**), Step 3:

- a. Review property records.
- b. Take statements.
- c. Ascertain facts.
- d. Determine proximate cause.
- e. Calculate loss.
- f. Make recommendation (Reference AR 735-5, Figure 13-11).
- g. Notify individual.
- h. Consider rebuttal.
- i. Review by appointing authority.
- j. Decision by appointing authority.
- k. Provide to approving authority.

4. Financial Liability Investigation Adjudication Process (20 days), Step 4:

- a. Starts upon receipt from appointing authority.
- b. Approval authority review.
- c. Judge Advocate General (JAG) reviews (assessment of financial liability).  
(Reference AR 735-5, figure 13-12A and 13-12B).
- d. Decision by approving authority.

5. Mandatory initiation of a financial liability investigation.

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a. Initiate and process a financial liability investigation to account for **lost, damaged, or destroyed U.S. Government property** when one or more of the situations listed exist. Process the report of survey in accordance with the version of this regulation in effect at the time the loss, damage or destruction occurred. A report of survey will be processed when:

(1) Negligence or willful misconduct is suspected as the cause, and the individual does not admit liability and refuses to make voluntary reimbursement to the Government for the full value of the loss, less depreciation.

(2) The property loss, damage, or destruction involves a change of accountable officer's inventory and the outgoing accountable officer made no voluntary reimbursement for the full amount of the loss to the Government.

(3) The value of the admitted loss, damage, or destruction exceeds the individual's monthly basic pay.

(4) The value of the damages or shortages in occupied government quarters (real property and furnishings combined) or government furnishings in non-government quarters exceeds the individual's monthly basic pay.

(5) The total handling loss of a specific bulk petroleum product exceeds the allowable loss for that product, and the dollar value of the total loss exceeds \$400.00. (Reference DAPAM 710-2-1, Paragraph 12-23(3))

(6) The loss or destruction involves a sensitive item. Investigate sensitive items lost or destroyed per AR 15-6. However, do not use the AR 15-6 investigation as authority to adjust property records or to assess financial liability. Process a financial liability investigation to accomplish either of these actions. When using an AR 15-6 investigation, do not request a separate investigation by an investigation officer.

(7) The loss or destruction involves public funds or other negotiable instruments.

(8) Required by higher authority or other DA regulations.

(9) Directed by an inventory adjustment report (IAR) approving authority.

(10) The loss or damage involves a General Services Administration (GSA) vehicle, and the administrative actions under AR 735-5, paragraph 12-1c; above have not been taken.

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(11) The loss resulted from a fire, theft or natural disaster.

6. Time constraints for processing financial liability investigation of surveys.

a. Initiate and process financial liability investigation within a specific number of days (**75 days**), following the discovery of the loss, damage, or destruction of U.S. Government property. When delayed beyond the 15-day time limit for the initiation process, the person responsible for the delay will prepare a written statement signed by his or her Commander explaining the reason for the delay and attach it to the financial liability investigation as an exhibit.

b. **Total processing time equals the difference in days between the date of discovering the discrepancy and the date of financial liability investigation approval.** (Reference Army Regulation 735-5 figure 13-2)

7. Financial Liability Investigation Initiator.

a. The initiator of a financial liability investigation normally is the hand receipt holder or the accountable officer. When the hand receipt holder or the accountable officer is not available, the person with the most knowledge of the incident will serve as the initiator.

b. DD Form 200 will be proofread by Directorate of Logistics (DOL) and Financial Liability Investigation Representative (ASA II, DOL) **prior** to assigning a document number from Property Control Branch (PCB).

8. Basic requirements for DD Form 200.

a. We are required the original and three (3) copies of DD Form 200 plus any exhibits turned in with the financial liability investigation.

b. DD Form 200(Financial Liability Investigation) Original plus 3 copies.

c. Letter of Lateness Exhibit A (Prepared only if exceeds 15 days past date of loss).

d. Other Exhibits (Examples: Accident reports; hand receipt; issue documents; turn-in documents; statements; cost of damages; pictures; vehicle dispatch, copy of drivers license; etc).

e. Each exhibit must be lettered alphabetically at the bottom of the statement/certificate, followed with the date, amount, and organization or account as

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shown on the face of the financial liability investigation. (Example: Exhibit A, R/S, 1 Sep 99; \$325.00; A Co. 1<sup>st</sup> Signal Company).

9. Preparation requirements for DD Form 200.

a. Except as stated in b below, the initiator prepares block 1 and blocks 3 through 12 of DD Form 200.

(1) Unit price (block 9) will be the AMDF price in effect at the time of the loss. When no AMDF price is available, use the current market price of a similar item; otherwise, estimate the price and attach the basis for the estimate to the financial liability investigation as an exhibit. Do not compute the depreciation at this time, the investigation officer will compute it in accordance with AR 735-5 paragraph 13-30c.

(a) For subsistence sales accounts, obtain unit prices from the troop issue subsistence activity (TISA) or the commissary price list in effect at the time of the loss.

(b) Do not use reduced prices available to some member of private organizations.

(c) For leased property that is damaged, enter the word "LEASED", it is not necessary to enter the unit price for damaged leased property.

(2) Total cost (block 10) equals the quantity, times the unit price. For damaged property, enter the estimated cost to repair the damaged property.

(3) Block 11 will contain a description for the events leading to the loss, damage, or destruction of Government property, with an explanation of how it happened. Show all persons directly concerned by name and grade. The description of the facts must be detailed enough to enable the appointing authority or the approving authority to make a determination of whether relief from, or assessment of financial liability should be sought without appointment of an investigation officer, or that an investigation by an investigation officer is required. The initiator of a financial liability investigation must prepare a thorough survey document in recognition that an investigation by an investigation officer represents a significant expenditure of time and effort. It may be necessary for the initiator to obtain statement from individuals who were witnesses or who have knowledge of the incident resulting in the loss. If so, the initiator will ensure the statements are -

(a) Prepared on DA Form 2823, (Sworn statement) to record the statements.

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- (b) Typed or printed legibly by the individual making the statement.
- (c) Prepared in original and 4 copies.
- (d) Person making the statement dates and signs the statement/certificate.
- (e) Lettered alphabetically at the bottom of the statement/certificate, followed with the date, amount, and or organization or account as shown on the face of the report of survey. Example: (Exhibit A, R/S, 18 January 1999, \$375.00, Co a 41<sup>st</sup> Sig Bn.). Other exhibits such as an estimated cost of damage (ECOD); military police report, etc. will also be identified as exhibits as shown above.

b. Except as authorized, the initiator will not erase or alter any part of blocks 6 through 11, DD Form 200 or any exhibit.

c. Initiating a financial liability investigation resulting from an AR 15-6 investigation. When an AR 15-6 investigation establishes that there is lost, damaged, or destroyed Government property, initiate a report of survey. The initiator will do the following:

- (1) Blocks 1 through 10. Prepare the financial liability investigation in accordance with figure 13-5.
- (2) Block 11. Insert the words, "See AR 15-6 Investigation". Identify the location of the AR 15-6 investigation if not attached as an exhibit due to security classification.
- (3) Blocks 12 and 13 leave blank.

10. Non-Tactical vehicles (NTV). Units who have dispatched vehicles from their servicing or other areas Transportation Motor Pools (TMP) accept full responsibility for safe operation of vehicles. The using unit is responsible for all repair costs when a vehicle is involved in an accident, regardless of dollar amount (AR 735-5). When the using unit has drivers from other units tasked to operate vehicles, the using unit is responsible for the vehicle, not the tasked driver's unit. In the event a NTV has more than \$500 of damage, the using unit is responsible for initiating a Report of Survey in accordance with AR 735-5 and local SOP's. Units not assigned to the Korea Regional Office (KORO), who must initiate a Report of Survey, will provide the servicing TMP and DOL a courtesy copy of the investigation.

11. Disposition of damaged property. The initiator of a financial liability investigation will not dispose of, repair, or continue to use the damaged property until the investigation

authority, or the approving authority, decide it is no longer needed for investigation purposes.

12. The POC is Ms. Grohmann at 738-7265.



RONALD C. STEPHENS  
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